

Message Text

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TAGS: PINT, NZ, PGOV

SUBJECT: ROB MULDOON AS PRIME MINISTER - THE WEEK THAT WAS

SUMMARY - IN HIS FIRST WEEK IN OFFICE, PRIME MINISTER MULDOON HAS MOVED RAPIDLY ON THE ECONOMIC FRONT TO ANNOUNCE A NUMBER OF PRICE INCREASES. WITHIN THE GOVERNMENT HE HAS INCREASED HIS SPAN OF CONTROL BY BEEFING UP THE PRIME MINISTER'S DEPARTMENT. HIS MOVES APPEAR TO HAVE BEEN BOTH NECESSARY AND USEFUL AND HAVE MET WITH GENERAL PUBLIC ACCEPTANCE. END SUMMARY.

1. THE PACE OF GOVERNMENT DURING THE FIRST WEEK OF ROB MULDOON'S STEWARDSHIP HAS LEFT NEW ZEALANDERS ALMOST BREATHLESS. CONCENTRATING ON THE ECONOMIC FRONT THE GOVERNMENT RAISED THE PRICE OF GASOLINE BY 23 PERCENT ON MONDAY. ON WEDNESDAY AGREEMENT WAS REACHED WITH THE FEDERATION OF LABOUR TO POSTPONE UNTIL JANUARY ANY DECISION ON WAGE INCREASES. ON THURSDAY IT WAS ANNOUNCED THAT POSTAL CHARGES WOULD BE DOUBLED, RAIL CHARGES INCREASED BY ABOUT TWO
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THIRDS AND ELECTRICITY RATES BOOSTED BY 45 PERCENT.

2. NONE OF THESE DECISIONS COMES AS A SURPRISE. RAIL, POSTAL AND POWER RATES HAD NOT BEEN INCREASED SINCE 1972 AND DURING THE ELECTION CAMPAIGN BOTH PARTIES INDICATED CHARGES WOULD HAVE TO BE REVIEWED AFTER THE ELECTION. WHAT DID SURPRISE MOST NEW ZEALANDERS WAS THE SPEED WITH WHICH CABINET MOVED IN MAKING ITS DECISIONS. IT IS OBVIOUS THAT MULDOON WANTS TO GET THE WORST OF THE BAD NEWS OUT OF THE WAY BEFORE NEW ZEALAND CLOSES DOWN FOR THE HOLIDAYS. WHEN LIFE RETURNS TO NORMAL AT THE BEGINNING OF FEBRUARY, THE SHOCK OF MULDOON'S ECONOMIC DECISIONS WILL HAVE WORN OFF AND NATIONA CAN GET ON WITH THE EVERYDAY BUSINESS OF GOVERNMENT.

3. MULDOON'S SPEED OF ACTION ON THE ECONOMIC FRONT HAS BEEN PARALLELED TO A DEGREE IN GOVERNMENT OPERATIONS. SHORTLY AFTER HAVING TAKEN HIS OATH OF OFFICE HE ANNOUNCED THE END OF THE SECRETARY OF FOREIGN AFFAIRS' RESPONSIBILITY FOR RUNNING THE PRIME MINISTER'S DEPARTMENT. MULDOON NAMED ASSISTANT TREASURY SECRETARY B.V. GALVIN AS TEMPORARY HEAD OF THE PM'S DEPARTMENT AND IT IS EXPECTED GALVIN WILL BE CONFIRMED IN THE JOB BY THE STATE SERVICES COMMISSION. THE SIZE OF THE PRIME MINISTER'S OFFICE IS BEING INCREASED AND, TO MAKE WAY FOR IT, THE MFA SEEMS ALMOST CERTAIN TO LOSE ITS PRESTIGIOUS OFFICES IN PARLIAMENT BUILDINGS. FOREIGN AFFAIRS IS NOT THE ONLY LOSER IN THIS BUREAUCRATIC SHUFFLE, HOWEVER, AS GALVIN WILL HEAD UP A FIVE MAN TEAM OF ECONOMISTS TO ADVISE THE PRIME MINISTER. ON THE FACE OF IT, THIS GROUP WILL COMPETE DIRECTLY WITH THE TREASURY DEPARTMENT. AS ONE EXPERIENCED OBSERVER OF THE CIVIL SERVICE PUT IT, "TENSION IS BOUND TO BE CREATED" BETWEEN GALVIN AND TREASURY SECRETARY HENRY LANG.

4. COMMENT. MULDOON'S QUICK ACTION ON THE ECONOMIC FRONT IS POLITICALLY SENSIBLE. HE CAMPAIGNED ON THE NEED FOR BELT TIGHTENING AND IS NOT GOING TO LET VOTERS FORGET THIS BEFORE TAKING WHAT HE FEELS ARE NECESSARY STEPS. UNDER THE CIRCUMSTANCES IT IS NOT LIMITED OFFICIAL USE

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SURPRISING THAT HIS ACTIONS HAVE MET WITH GENERAL APPROVAL FROM THE PRESS AND THE PUBLIC WITH MOST NEW ZEALANDERS SEEMING TO FEEL THAT STRONG MEDICINE WAS NEEDED, AND THAT IT WAS NEEDED SOONER RATHER THAN LATER. WITH REGARD TO GOVERNMENT OPERATIONS, MULDOON'S BEEFING UP TO THE PRIME MINISTER'S DEPARTMENT IS LONG OVERDUE. IN THE PAST IT HAS BEEN STAFFED BY FOUR OR FIVE PEOPLE FROM MFA WHO ACTED MORE AS

APPOINTMENT COORDINATORS THAN ADVISORS ON POLICY AND
OPERATIONS. THE NEW LOOK SHOULD SERVE THE PRIME
MINISTER MUCH BETTER AND WILL GIVE HIM A DEGREE OF
CONTROL THAT WAS NOT POSSIBLE IN THE PAST.
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